

HELP WANTED:

Hiring, Human Trafficking and Modern-Day Slavery in the Global Economy



A Verité Research and Advocacy Initiative



About This Initiative

Verité gratefully acknowledges the support of Humanity United in conducting this initiative.

Verité's **HELP WANTED** initiative – a research and advocacy effort described in this report – aims to clarify and publicize the ways in which current labor broker practices can create hiring traps; and to provide concrete approaches by which private sector, civil society, and governmental institutions can address this key point of leverage to reduce the risk of a worker ending up a victim of modern-day slavery.

Labor brokers – middlemen in the recruitment, hiring and/or management of laborers – operate at the core of the global economy. Complex supply chains necessitate levels of coordination and expertise that are not easily found within a given company because the challenges are spread out over multiple countries and time zones, and workforces are in many instances comprised of workers from far-flung lands. Companies turn to labor brokers to manage many of these challenges, but the increasing use of labor brokers brings with it troubling issues of fragmented and opaque social accountability. For workers, labor brokerage increases migration and job acquisition costs and the risk of serious exploitation, including slavery.

Verité is a global advocate for workers. Through our understanding of the perspectives of workers, we find solutions to human rights violations in good business practices. We work to remove dangers and abuses in workplaces around the world by providing knowledge, skills and tools to workers, employers, multinational companies, NGOs, trade unions, investors and governments.



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EXECUTIVE SUMMARY

Workers are at heightened vulnerability to modern-day slavery when they have been brought to work away from their homes. This vulnerability is generated or exacerbated by the involvement of labor brokers. Labor brokers act as the middlemen, facilitating a connection between potential workers and their eventual employers.

The system of labor brokerage is widespread, opaque, sometimes corrupt, and largely lacking in accountability. In some cases brokerages are substantial, well-organized companies. In others they are informal in their structure and outreach. In all cases their presence in the recruitment and hiring “supply chain” increases the vulnerability of migrant workers to various forms of forced labor once on-the-job. The debt that is often necessary for migrant workers to undertake in order to pay recruitment fees, when combined with the deception that is visited upon them by brokers about job types and salaries, can lead to a situation of debt-bondage – which, according to Anti-Slavery International, is “probably the least known form of slavery today, and yet it is the most widely used method of enslaving people.”¹

When a migrant worker finds herself in a foreign country, with formidable recruitment debt and possibly even ancestral family land hanging in the balance, on a work visa that ties her to one employer and a job that doesn’t remotely resemble the salary and conditions that were promised to her by her labor broker, she has fallen into what Verité calls a **HIRING TRAP**. There are few global workplace problems in more urgent need of attention.

This report begins by offering key findings from recent Verité research on the intersection of brokers, migrant workers and slavery. This research was performed in a variety of sectors and locales across the globe, including: the migration of adults from India to the Gulf Cooperation Council (GCC) States of the Middle East for work in construction, infrastructure and the service sector; the migration of children and juveniles from the Indian interior to domestic apparel production hubs; the migration of adults from Guatemala, Mexico and Thailand to work in U.S. agriculture; and the migration of adults from the Philippines, Indonesia and Nepal to the Information Technology sector in Malaysia and Taiwan.

This report then presents the factors that, in Verité’s view, constitute the major red flags for vulnerability of migrant workers to broker-induced forced labor. These red flags were present individually or in various combinations across all the sectors and locales of Verité’s research. A set of concrete activities and engagements to promote the fair hiring of migrant workers is offered at the close of the report.

VERITÉ KEY RESEARCH FINDINGS

Juvenile Migrant Workers in India-Based Domestic Garment Manufacturing

- The trafficking of adolescent girls into indentured servitude in apparel manufacturing in Tirupur is commonplace, under a system known locally as the “Sumangali Scheme.”
- Girls aged 14 to 17 years are recruited to work far from home for three years, in return for a lump-sum payment of around US\$750 at the end of the three-year contract.
- “Sumangali” girls commonly work 12 to 15 hour shifts and sometimes even 24-hour shifts. They are exposed to hazardous chemicals and other occupational hazards, and kept largely isolated from their families and the outside world.
- Brokers recruit girls into the system using deception and obfuscation about job conditions, living conditions and salary.
- The system of brokerage is remarkably informal, with brokers oftentimes recruiting girls as a part-time job while working full-time as factory workers themselves.
- The Sumangali scheme is well-known in the region, and yet the practice continues unabated. Poverty, indebtedness, alcoholism, lack of employment opportunities for mature adult workers, and cultural attitudes toward the girl child are all factors that combine to create a situation in which such extreme exploitation goes largely unchecked.

VERITÉ KEY RESEARCH FINDINGS

Indian Migrant Workers in Gulf Cooperation Council (GCC) States

- Keralite workers seeking employment in GCC States are highly vulnerable to slavery once they arrive in the host country.
- While there is a legal ceiling on recruitment fees in India, this ceiling is not enforced, and rogue recruitment agencies operate with practical impunity.
- Brokers regularly misrepresent the terms and conditions of jobs, thus creating a situation in which a worker incurs large recruitment debt expecting a certain level of income but is in actuality paid much less.
- Fraudulent recruitment practices were found to be an issue of concern, including the use of false visas and work permits, as well as charging workers for jobs in the host country that do not exist.

Once on-site in GCC States, workers frequently find themselves trapped: by debt incurred at home that they must pay off, by visa and work permit regulations that bind them to a particular workplace, by unsympathetic host country law enforcement that is more interested in “busting” migrant workers whose paperwork is not in order than in protecting and defending their labor and human rights, and in some cases by their illegal status brought upon them by no fault of their own.

Philippine, Indonesian and Nepalese Migrant Workers in IT Manufacturing in Malaysia and Taiwan



- Migrant workers bound for work in IT factories in Taiwan and Malaysia frequently pay recruitment fees in excess of legal limits. In Malaysia, Verité research indicates that sub-contracted workers (as opposed to direct-hire workers) are at particular risk in this regard.
- Brokers do not disclose the actual full amount of fees until late in the recruitment phase. Workers are instructed to present documents to immigration authorities that do not reflect the actual amounts paid.
- Almost all workers interviewed by Verité did not have the financial means to fund placement fees and thus had to resort to taking out loans, many with onerous financing schemes.
- Labor brokers and employers regularly engage in contract substitution, whereby the terms of employment are changed over the course of the recruitment and hiring process. Additional fees charged by brokers in receiving countries, as well as deductions for anti-runaway insurance/forced savings, further compound the financial burden of workers. Once employed, workers are obliged to work overtime in order to repay their debts.
- Freedom of movement is curtailed through the withholding of passports, the requirement to put up a deposit for temporary emergency trips home, and the requirement that workers must pay their own return airfare and pay any recruitment debt in full if they wish to terminate their contract early.
- In Malaysia, workers are tied to their jobs by the law, which obligates them to remain with their sponsoring employer or become undocumented.
- There is evidence that the high recruitment fees borne by workers are in some cases a subsidy to their eventual employers. In Taiwan, many brokers provide their services to employers “free of charge” but require high fees of workers.
- Brokers, too, operate in a challenging environment, as many are asked by employers to fulfill job orders within two weeks, and to provide a pool of applicants 300 percent above the actual manpower need.

VERITÉ KEY RESEARCH FINDINGS

Guatemalan, Mexican and Thai Migrant Workers in the U.S. Agricultural Sector

- Forced labor is a well-known phenomenon in agriculture in the United States, and labor brokers are key actors in the system, both for documented and undocumented workers.
- The primary mechanism for entrapping workers in situations of forced labor in U.S. agriculture is the facilitation of grave indebtedness prior to arrival in the United States: Verité found evidence of brokerage fees ranging from a few hundred dollars to US \$25,000 among undocumented workers and workers on H2A and H2B guestworker visas.
- Interest rates can be usurious, reaching up to 20 percent monthly. Brokers or moneylenders affiliated with brokers sometimes hold workers' titles to land or other valuables as collateral.
- Once in the United States, workers can be threatened with deportation, blacklisting, confiscation of land, and violence against themselves and their families if they complain.
- The brokers themselves can be large or small, and there appears to be no direct correlation between forced labor and the size or legal status of the broker.
- A worker whose labor broker directly finances his/her recruitment and travel to the work site is at high risk of forced labor.
- Verité found that workers on guestworker visas were at high risk of vulnerability to forced labor.
- Provisions of the U.S. guestworker visa program introduce risks of forced labor by:
 - making it practically impossible for migrant workers to “walk away” from abusive employers;
 - allowing for wages below the legal minimum ²
 - failing to consider the seasonal nature of agricultural, forestry and herding jobs, which translates into idle periods during the work season when workers earn no money;
 - supporting the geographic and cultural isolation of workers and
 - making workers unlikely to complain or speak to outsiders due to fear of deportation.

WHAT TO LOOK FOR: RED FLAGS FOR VULNERABILITY TO BROKER-INDUCED FORCED LABOR

This report identifies common patterns, behaviors and conditions found by Verité to make migrant workers more vulnerable to exploitation and slavery. Verité characterizes these commonalities as red flags for all stakeholders, as they were are found in various combinations across all the sectors and locales of Verité's research.

These flags, or indicators, fall into three categories:

- 1) Setting the Stage.** These factors refer to preexisting conditions within the workplace and in the hiring process that create vulnerabilities to forced labor; for example, the outsourcing of recruitment, hiring, and/or management of migrant workers to labor brokers, or the use of restrictive visa programs.
- 2) Traps in Recruitment and Hiring (or “The Bait”).** This refers to the deceiving of workers prior to employment, as well as the facilitation of indebtedness in recruitment. Deception could include misinformation about anything from pay and benefits to fraudulent visa practices.
- 3) Employment Traps (or “The Switch”).** This refers to conditions that bind within the job; for example, when workers' passports or pay are withheld from them.

These red flags represent a solid entry point for efforts to detect hiring traps and remediate them, ultimately paving the way for fair hiring for migrant workers in the global economy. When one or more of these risk factors identified by Verité is present in the employment lifecycle, investigation into the possibility of forced labor is needed.

THE WAY FORWARD

Action to Promote the Fair Hiring of Migrant Workers in the Global Economy

This research will serve as a platform from which Verité's Help Wanted initiative will engage with a broad range of stakeholders to promote fair hiring for migrant workers. In the upcoming months, Verité will develop a set of tools to detect and remediate hiring traps, articulate key policy challenges to the protection of migrant workers in recruitment and hiring, host workshops and other venues worldwide to present and discuss these tools and policy solutions, and maintain a website clearinghouse of resources on the protection of migrant workers in recruitment and hiring.

This report is the product of Phase I of a multiphase Verité initiative that aims to clarify, publicize, and reduce the risks of exploitation associated with global labor broker practices.

Phase I:

Examine, identify, clarify role of labor brokers in forced labor

Phase II:

Tools and recommendations to companies, NGO's, auditors, governments, investors, and advocates

Phase II of the project will provide concrete approaches for the private sector, civil society, government institutions, and investors to address key leverage points and reduce the incidence of modern-day slavery. These approaches will include a primer, toolkit and policy brief on the intersections between labor brokerage, human trafficking and forced labor. Sign up on our webpage to receive updates on project outputs and activities.

VERITÉ RESEARCH PROCESS

The current report provides a synopsis and key findings from Verité's longstanding research and action on the vulnerabilities to forced labor faced by migrant workers. In particular we highlight the findings from a 2009 year-long research effort – associated with our Help Wanted research and advocacy campaign – that examined the role and key characteristics of labor brokerage across a range of sectors, business types, and regions. Verité interviewed migrant workers, employers, brokers, government representatives, and worker advocates. This research identified where labor brokerage most frequently leads to forced labor, and clarified the nature of the risk of forced labor that can be linked to the role of labor brokers in recruitment and hiring.

Verité performed research in a number of settings to understand the circumstances and settings under which workers may be subjected to conditions of forced labor through labor brokers, including the recruitment of Philippine workers bound for jobs in IT manufacturing in Taiwan, the trafficking of adolescent girls in rural India into the domestic textile industry, and smuggling and employment of undocumented Mexican immigrants on U.S. vegetable farms. Verité conducted extensive interviews with workers, brokers, and labor advocates in Guatemala, Mexico, the Philippines, Malaysia, Taiwan, India, and the U.S. using structured questionnaires as well as more in-depth case studies.

In addition to the abovementioned three reports, Verité also draws here on our research into the trafficking of Philippine males into the maritime, construction and agriculture sectors in the Southeast Asia region; our work on the verification of working conditions on cocoa farms in Côte d'Ivoire and Ghana; and research currently underway on forced labor in Latin America, Africa and Asia in a wide range of agricultural, fishing and aquaculture supply chains.

Rounding out Verité's understanding of the intersection between outsourced recruitment and hiring, human trafficking, and forced labor is our experience through thousands of social audits and interviews with tens of thousands of workers – many of them migrant workers.

The results of this initiative add to the growing body of knowledge on different aspects of human trafficking and forced labor conducted by various organizations, including the International Labor Organization, the International Organization for Migration, the United Nations Global Initiative to Fight Human Trafficking, the International Confederation of Private Employment Agencies (CIETT), the U.S. State Department's Office to Monitor and Combat Trafficking in Persons, the Institute for Human Rights and Business, the International Business Leaders Forum, Anti-Slavery International, Free the Slaves, and the Coalition to Abolish Slavery and Trafficking, Business for Social Responsibility, and many others.

INTRODUCTION

Slavery is alive and well in our modern-day world, and it isn't always or necessarily hidden away in distant locales. or ONLY embedded in local goods and markets. There is a good chance that slavery is a part of your daily life, in the things you buy, or the services you receive. An estimated 12 to 27 million people are victims of slavery and other forms of forced labor around the world. ³ In the United States alone, 10,000 or more people are being forced to work at any given time. ⁴

Why is slavery still thriving? Part of the answer is that, with globalization has come not only a rapid increase in the flows of workers across borders, but also an increase in opportunities to exploit these migrant workers. One of the darkest of these forms of exploitation is human trafficking. ⁵ And when a human being is trafficked for the purposes of forced labor, the result is a form of modern-day slavery. More than 2.4 million victims of forced labor have been trafficked, ⁶ and 161 countries are either a source, transit, or destination country for the trafficking of human beings. ⁷ Trafficking can take many different forms, ranging from forced kidnapping for prostitution to illegal recruitment schemes for factory-based work. Contrary to common perception, it is not always easy to identify a situation of human trafficking. While migration for work may appear voluntary and even legal, the worker is often trapped in a job she cannot leave.

One of the key pieces of this human trafficking puzzle is the marked rise – across the globe, in a wide range of sectors and services – of the subcontracting of recruitment and hiring for migrant laborers. These recruitment and hiring functions are subcontracted to labor brokers variously referred to, among other terms, as labor intermediaries, middlemen, recruiters, farm labor contractors, and jobbers.

These labor brokers take on one or more functions along the recruitment and hiring supply chain, such as matching aspiring migrant workers with jobs of all sorts across the globe. In the process, labor brokers take responsibility for visas, medical checkups, travel arrangements, pre-departure orientation and training, and even contract negotiation. In some cases, these labor brokers also go on to manage the labor of the migrant contract workers at the job sites; in effect they act as the on-site supervisor of the worker.

While such brokers often play a legitimate – and perhaps indispensable – role in the smooth and efficient operation of global supply chain production, their presence also creates or exacerbates vulnerabilities to forced labor for migrant workers. When outsourced recruitment and hiring goes awry, the result in many cases is debt-bondage.



In a labor broker-worker relationship, terms of the work, and the responsibility of the labor broker to the worker after the worker is on the job, are poorly defined and poorly understood. Big recruitment fees – sometimes legal, sometimes illegal – are often charged to the worker to obtain the job overseas. The worker might borrow money to pay the fees, wagering that the debt will be easy to pay off. But what if the terms of work – especially pay – wind up being less favorable than what the labor broker promised? Once a worker is on-site at the foreign workplace – with a big loan and attendant interest payments like a weight on her back and a work visa that ties her to one workplace – it is difficult, if not impossible, to escape.

Verité calls this phenomenon the hiring trap, and there are few global workplace problems in more urgent need of attention.

Aspirations abroad

- A worker has difficulty finding decent wages in her community.
 - She sees many of her peers earn money abroad
- She seeks out a recruiter to help her find work elsewhere



The labor broker

- The recruiter charges her for placement, travel, and visa
- The fees are exorbitant - some are legal and some are not
 - She borrows money, acquiring debt
 - Terms of work seem unclear



Debt on-the-job

- She travels to the foreign workplace
- She is paid less than she was promised
 - She is forced to work overtime
- Her loans mean she cannot escape



In what follows, this report first discusses the role of labor brokers in the global economy and how their presence can create hiring traps for migrant workers. Specific examples are offered of the broker–trap link from Verité’s research, as well as the conclusions that emerged from our study.

The report then highlights, in Verité’s view, the key red flags of the risk of human trafficking in recruitment and hiring and of forced labor at the workplace. These red flags represent a substantial entry point for the detection and remediation of hiring traps, and the establishment of fair hiring guidelines, for migrant workers in the global economy.

The report concludes by presenting upcoming additional contributions from Verité toward fair hiring and an articulation of actionable first steps that can be taken by concerned stakeholders to join this effort.

SECTION I

LABOR BROKERS AND HIRING TRAPS IN THE GLOBAL ECONOMY: VERITÉ RESEARCH FINDINGS

Labor Brokers-Their Roles and Functions in Creating Hiring Traps

Labor brokers operate at the core of the global economy. Complex supply chains necessitate levels of coordination and expertise that are not easily found within a given company because the challenges are spread out over multiple countries and time zones, and workforces are in many instances comprised of migrant workers from far-flung lands. Companies turn to labor brokers to manage many of these challenges. Labor brokers are especially sought in sectors where there is a seasonal demand for workers, in situations where workers and employers do not speak a common language, or where aspiring workers need to travel long distances (and across borders) to reach the job site.

Jobseekers, in turn, look to labor brokers to help navigate the complex waters of migration for employment abroad. And with the population of international migrants having doubled since 1965 (to nearly 200 million), the services of labor brokers have become increasingly sought: The International Confederation of Private Employment Agencies reports that over 9.5 million workers use private agencies to find jobs.⁸ Brokerage agencies assist the majority of jobseekers migrating from Asian countries, especially from the Philippines, Pakistan and Sri Lanka.⁹ In 1997, private agencies facilitated 80 percent of all labor migration from Asia to the Arab States.¹⁰

Labor brokers run the gamut from an individual working informally through personal networks to large, formal businesses with global outreach. The start-up costs for becoming a labor broker are low¹¹, and there is very little regulation of labor brokers, even in the industrialized world. Brokers therefore are often left to operate in a grey area where applicability of worker protections to their activities is unclear at best and nonexistent at worst.

Labor brokers charge workers for their job-matching and placement services, sometimes excessively. But even legally permitted fees paid to brokers can impoverish workers and make them vulnerable to exploitation. Research has shown that lower-skilled migrants tend to pay a higher percentage of job-matching fees than do higher-skilled workers.¹² In turn, these workers are less able to bargain for higher wages and better working conditions once on-the-job.



In all cases the presence of labor brokers raises the cost to the worker of migration and compromises transparency in hiring and employment: Because the worker is not negotiating directly with the employer, the worker suffers from “imperfect information” about his or her eventual working conditions.¹³ As Verité’s research shows, formal brokerages often operate outside the law, charging illegally high placement fees and playing upon the “information gap” by actively deceiving workers regarding their conditions of work.

The results from Verité’s research help to provide concrete examples of why brokers have become so essential, and how their presence creates vulnerability to human trafficking and forced labor – in other words, how hiring traps happen. While the sets of circumstances that led to slavery for each trafficking victim interviewed by Verité were unique, two key ingredients were present in the majority of cases: debt and deception.

The employment lifecycle almost always takes the shape of a bait and switch scheme, in which an attractive job is offered to the aspiring migrant/job-seeker at a high price. The job-seeker thinks the cost is worth it, given what is being offered. But the real job turns out to be much different, and the worker is saddled with debt that acts as a bond to the workplace. Labor brokers – whether intentionally or by happenstance – are almost always the root cause of the debt, the deception and therefore bait.

Employers – again either purposefully or inadvertently – flip the switch by rolling out a job that pays less than what the broker had promised the migrant worker. Employers oftentimes reinforce the migrant worker’s “bond” to the workplace through other means, such as withholding passports, levying deductions and withholdings that further diminish the worker’s take-home pay and ability to pay off debt, taking control of bank accounts, placing the worker in physical or social isolation, and subjecting the worker to threats of deportation and/or physical or verbal abuse.

An understanding of the legitimate roles played by brokers in various locales worldwide, along with the vulnerabilities to forced labor that are in many cases created by these brokers, is an essential place to begin when seeking to provide better protections for migrant workers in the global economy.

VERITÉ RESEARCH FINDINGS: INDIA

Labor Brokers and Hiring Traps in Tirupur, India

In the Indian garment manufacturing hub of Tirupur, Tamil Nadu, there are vast networks of factories and subcontractors, with units ranging in size from individual home-based units to factories with over 1000 workers. This multitude of manufacturing facilities of all shapes and sizes has developed in part as larger factories cleave themselves to avoid falling within the confines of labor legislation, and in part as a response to global market pressures for flexible and infinitely expandable and contractible production capacity. A multitude of small, individual units can be highly flexible and responsive to market demand, since each small factory unit relates with the tiers above and below on a strictly contract basis. This sort of system necessitates a high degree of coordination, particularly where workforces are concerned. This is where the role of the labor broker becomes essential.

Labor brokers in Tirupur perform a range of functions, including recruitment and management of subsets of “contract” workers on-site at bigger factories. Where recruitment is concerned, they help to answer the growing demand for adolescent girl workers from India’s rural and impoverished interior, who work on three-year contracts under which the bulk of their salary is withheld until the contract is fulfilled. This system is known locally as the “Sumangali Scheme”. Sumangali brokers enable a “spider’s web” of imperfect information, convincing impoverished and desperate parents of the benefits of factory employment – such as food and housing and a steady job where the girl is learning a skill – while intentionally withholding information about the physical stresses and dangers of the job.

Once on-the-job, the girls find themselves trapped: their movement is strictly confined, and conversations with their parents are monitored. They are forced to work long hours and in some cases are subject to grave occupational hazards such as repeated exposure to toxic chemicals. If they complain, they are threatened with immediate dismissal and forfeiture of their salary, which has been accruing toward the lump-sum payment. ASK-Verité (our partnership in India) found troubling evidence that, in some cases, girls are trafficked twice: first for labor exploitation and then for sexual exploitation.

Even once parents become aware of the true conditions of these garment factory jobs, ASK-Verité research found they do not typically complain or attempt to withdraw their daughters from the work. Some parents described to ASK-Verité that they felt it would be no use to complain, or that they were caught in a situation where they were heavily depending on the lump-sum payout at the end of the contract, or that they did not want to make trouble for themselves and jeopardize future earning opportunities.

Case Study

Shyam: A Broker of “Sumangali Girls”

Shyam is 30 years old. He is married with two sons. He is from a village approximately 130 miles from Tirupur. Shyam supplements his income as a worker at a garment factory in Tirupur with part-time work as a labor broker for his factory and other facilities nearby. Shyam is part of a network of 15 other brokers, each known to each other through their factory jobs or personal relationships. Shyam's network has supplied garment sector factories in Tirupur with approximately 2000 Sumangali girls in the past four years. Shyam himself has provided 100 girls in the past year alone, for spinning and knitting mills. For each girl he supplies, Shyam is paid US\$53.70; US\$21.50 of which is earmarked to pay bribes to religious and political leaders in the villages from which the girls originate. Shyam said there is “nothing special” about the way that Sumangali girls are treated. Shyam himself is employed under many of the same conditions as the Sumangali girls, facing long shifts with constant verbal harassment and abuse. Whoever wants to earn money must “get used” to these working conditions, he said; and the only difference between him and the Sumangali girls is that he gets paid regularly, whereas as Sumangali girls are paid only once at the end of their (typically three-year) contract. Shyam feels he is doing these girls a service. He said that he became involved in labor brokerage to make “quick money,” and that if he does not supply the girls, somebody else will.

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Case Study: Rani

Escaping from the Sumangali Scheme

As a Sumangali girl, Rani was placed in a job in a spinning mill. Rani's duties involved chemical washing and bleaching, and her skin was exposed to the chemicals as she worked. Working with these chemicals was required, and she was not provided with any protective equipment. Rani developed burns on her hands and neck. Other girls working in the bleaching area suffered similar burns. Contrary to the claims of Rani's labor broker, the factory did not bear all medical expenses for the girls working in the facility: Medical expenses up to US\$4.33 were paid by the factory. Any expenses in excess of US\$4.33 were deducted from the girls' salaries.

After working at the mill for two years, the situation became unbearable and Rani fled home. Her parents were unhappy with her decision and scolded her for not completing her three year contract, since this meant that she forfeited her entire lump-sum salary of US\$757. Rani's parents have not spoken of her experience in the Sumangali scheme with other parents or villagers, as they are afraid to cause trouble. For the same reason, they have not confronted the labor broker, who is not currently recruiting in the area but is still seen in the village. Rani's neck and hands are permanently scarred from her experience in the mill.



Brokers and Hiring Traps Among Indian Workers in Gulf Countries

Both formal and informal labor brokers play prominent roles in out-migration from the Indian state of Kerala for employment in the Gulf countries of the Middle East. Formal, registered brokerage agencies are of various sizes. Informal brokers hail from networks of family, friends and acquaintances.

ASK-Verité's research found that both formal and informal brokers exploit the jobseeker. Use of a formal brokerage agency almost always entailed high fees – up to US\$4100 – and the attendant vulnerabilities to de-facto debt bondage once on-site. While use of informal networks tended to be a cheaper route, it was not without risks. Workers going through informal networks sometimes migrated on tourist visas and then networked their way into a job and a formal work visa once in the Middle East. But this strategy was not always successful; and in some cases, visa paperwork was not in order and the jobseeker landed in jail. Formal brokerages were also guilty of providing false visas in some cases. An astonishing 20 percent of workers interviewed by ASK-Verité in Kerala had spent time in jail while jobseeking or working in the Middle East, due to problems related to visas and work permits. Length of incarceration ranged from one to eight months.¹⁴

Once in the Gulf countries, workers were subjected to routine rights violations by employers. Leveraging the threat of deportation, employers forced workers to accept poor working conditions and contract violations. Freedom of movement was severely restricted, primarily because workers were required to provide their passports to employers to receive a work permit: In the case of the United Arab Emirates, one hundred percent of workers surveyed by ASK-Verité had their passports withheld.

Case study: Hrishi Forced Labor in Dubai



Hrishi, 30, is a former jewelry store owner from Talecherry in Kannur district. Almost all the families in his village have two to three family members working in the GCC States, and have large houses to show for it. In the Kannur district, workers often go to the GCC States with a “free visa”, wherein they can work a range of jobs once they arrive. Hrishi still had debts from the closure of his jewelry store, and decided to go to Dubai. He paid a recruiting agency US\$2,813 for his visa, airline ticket and free visa. Hrishi took out a bank loan to pay the recruiting fee, and left for Dubai. Upon arrival, no one was there to greet him and he could not get through to the recruiting agency in India. A stranger came up to him in the airport and said he was an agent who could find Hrishi a job. He was taken to a room in a basement with about 50 other people who had similar stories. When Hrishi tried to leave, he was forcibly restrained, his passport taken and made to work odd jobs for around US\$65 per month. Hrishi also endured physical and emotional abuse. After six months, while working at a supermarket, Hrishi escaped and a friend who worked in a shipping company helped him get back to India. When he returned, he tried to get his money back from the recruitment agency to no avail. Hrishi currently works in a jewelry store in Kerala and still has debts incurred from his disastrous trip to Dubai. He hopes to go to Dubai soon through a reputable recruiting agency so he can pay back the money he owes.

RESEARCH CONCLUSIONS: INDIA

Brokers and International Economic Trends

In domestic garment production, the many small production units under study exemplified the use of contract labor (and unscrupulous labor brokerage) at its extreme, driven by complex supply chains, buyer demands for rock-bottom prices, and laws favoring small, informal production units. The trend toward contract labor was echoed in the Gulf countries, where adult migrants were paid significantly less than host-country natives. Case studies such as the ones featured in this report should be used by stakeholders to advocate for improvement of the conditions under which Indian migrant workers are employed at home and abroad.

The Many Faces of Forced Labor

Verité's research in India illustrates the diverse ways in which workers can fall victim to broker-induced forced labor. Sumangali girls are drawn into forced labor not with advances, but with promises of payments to come. Keralite workers, though in debt due to recruitment fees, could not technically be considered bonded as they received loans from banks or other lenders, and not brokers or employers; nonetheless, the debt hanging over them was certainly a major "menace" preventing them from escaping forced labor. Working outside their country, language, and culture, indebted, abused and isolated, these Keralite workers in the Gulf certainly suffered the largest concurrence of vulnerabilities to forced labor. Stricter and more robust regulation and enforcement of labor brokers is in order, as well as a review of the effectiveness of current laws on forced labor, and bonded labor in particular. Remediation efforts should address not only poverty-alleviation but should also aim to provide training in source communities to balance the disparate availability of information between workers and brokers that contributed to forced labor.

The Differing Roles of Brokers



In a certain sense, “the” labor broker in India does not exist. Brokers may act as job contractors or labor contractors, including as recruiters, agents, supervisors. These roles are not mutually exclusive and may occur at the national or international level. In addition, within India, workers may act as brokers and brokers may take on the responsibilities of employers, blurring the traditional employer-employee relationship further still.

Above all, the heterogeneity of findings points to the need to consider the discrete roles of brokers when designing policy or remediation initiatives. Legal provisions such as the Contract Labor Act should be reviewed to ensure that they reflect these many roles. More robust protection for small-scale work units should be explored.

RESEARCH FINDINGS: ASIA

Brokers and Hiring Traps in Malaysia and Taiwan

There is no industry more dynamic and global than that of electrical and electronics manufacturing, and thus it served as an excellent sector of focus for Verité in examining the role of labor brokers in supply chain production. The industry is typified by intense competition among manufacturers and tight interdependencies among the various countries and locales where product design, assembly, and manufacture take place.

Verité's research took place in Taiwan and Malaysia, both of which are production and manufacturing hubs that play critical roles in the supply chains of leading brand names. The electronics industry manpower base in both Taiwan and Malaysia is made up largely of migrant workers from neighboring Asian countries. Taiwan, in particular, has become the biggest supply partner of the world's major industry players, and is fast becoming its largest employer.

In both Taiwan and Malaysia, labor brokers play substantial roles in the supply of the industry's labor force requirements, and labor brokerage is big business. Employers rely on labor brokers to recruit, hire and manage their migrant workforces. In Taiwan, employers and brokers alike told Verité that only brokers are able to get work visas and quotas issued in a timely manner; employers lack the necessary relationships with government officials. In Taiwan, many brokers do not charge employers at all, while jobseekers pay high recruitment fees. In this way, the jobseeker is subsidizing her future employer.

RESEARCH FINDINGS: ASIA

Employers make very stringent demands on brokers, requiring them to fulfill job orders for migrant laborers in two weeks to a month's time. Employers require a pool of applicants from which to choose that constitutes 300 percent of the actual manpower needed. In order to respond to such demands, competing brokers have had to come up with strategies and have established practices that often circumvent legal, or industry code standard regulations. Brokers advertise the jobs by promising high wages, and superior work and living conditions, in order to attract as many applicants as they can to fulfill manpower pooling requirements. Some brokers also claim that employers expect to be treated to "full service" including air transportation, hotel accommodations, and other related services; the cost of which is often passed on to applicants and recruits.

Verité research has found that Philippine, Indonesian, and Nepalese workers bound for work in IT factories in Taiwan and Malaysia frequently pay recruitment fees in excess of legal limits. In Malaysia, Verité research indicates that subcontracted workers (as opposed to direct-hire workers) are at particular risk in this regard.

Almost all workers interviewed by Verité for this research did not have the financial means to fund placement fees and thus had to resort to making loans, under which many were subjected to onerous financing schemes. The terms of payment demanded by lenders, many of whom are associated with the brokers, can and do place workers in situations of highly leveraged debt. Additional fees charged by brokers in the receiving countries further compound the financial burden of workers. Once employed, workers need to work overtime in order to repay their debts, and send money for their families who rely on their monthly remittances.



Case Study:

Example of Overcharging by a Philippine Broker

G Placement is the counterpart agency of the Taiwan broker DM. G Placement is a government-accredited agency, and considered one of the largest, in terms of rate of deployments. In a press release issued by the POEA, G Placement was cited as one of the top performing agencies for 2006. G Placement usually places ads and notices in local media, participates in provincial job fairs, and has representatives in Cebu City and other major Visayan Regions. Most applicants/ workers (interviewed by Verité in 2008 and 2009) who secured their Taiwan job through G Placement said that they had responded to ads, while others were given referrals by family and friends or heard of G Placement through job fairs.

Even though G Placement was singled out by the Philippine Overseas Employment Agency (POEA) as a Top Performer, the amounts paid by the workers above far exceeded the legally allowed fee, which should have been around US\$544. Instead the fees paid by the workers to G Placement ranged from US\$1,632 to US\$2,437. The examples below provide a sense of the types and amounts of fees charged by G Placement.

Sample 1 (according to a worker who renewed his application and contract): In 2003

Broker fee: US\$1,305
 Medical check: US\$73
 One-way ticket: US\$239
 Jacket: US\$6.53
 Visa application: US\$44
 TOTAL: US\$1645

In 2006

Broker: US\$2,067 – paid in two installments
 Jacket: US\$13
 Rush renewal application: US\$44
 TOTAL: US\$2124

Sample 2 (according to first-time applicants):

Broker (all-in ¹⁵): US\$1,958 to 2,067
 Service fee to Third Party: US\$218 to US\$261
 Medical: US\$87 to US\$104
 TOTAL: US\$2154 to US\$2433

**All fees were converted from Philippine Pesos to U.S. Dollars.*



Labor brokers and employers practiced contract substitution, whereby the terms of employment were changed over the course of the recruitment and hiring process. Once on the job, workers found employment conditions to be different from what they were promised.

Employers routinely deducted “runaway insurance” – or forced savings – of 30 percent from workers’ salaries. This practice, in conjunction with the withholding of workers’ passports by brokers or employers, effectively ties workers to their jobs even when the conditions and terms of the job are unfavorable or contrary to what was promised to them. Freedom of movement is further curtailed by requirement to put up a deposit for temporary emergency trips home, and the requirement that workers must pay their own return airfare and pay any recruitment debt in full if they wish to terminate their contract early.

Case Study: Benny Deceived and in Debt

After graduating from a four-year computer school in the Philippines, Benny could not find any work so he turned to a labor broker to help him get a job in an IT factory in Taiwan. He was charged US\$2,223 for his recruitment and traveling fees, for which he borrowed money from his mother. Upon arrival in Taiwan, he was told that his fees were converted to Taiwanese dollars which increased his debt by 150 percent. He was also only paid half of what he was expecting due to cost of living expenses and a forced savings of 30 percent. Benny was required to work six to seven days a week, 12 hours a day and overtime was mandatory. By the end of his contract he was forced to pay another US\$444 to extend his contract. Soon after that, the factory announced that they could no longer afford to keep all of the employees but his extension fee would not be returned to him. He was also informed that his forced savings were slotted for his return ticket home. Benny returned to the Philippines with no money. His family’s home was flooded by a typhoon, and he is applying for more work in Taiwan. This time, he hopes to go with an “honest” broker.

RESEARCH CONCLUSIONS: ASIA

By charging aspiring workers recruitment fees far above the legal ceilings and deceiving them about salaries and job types, labor brokers in Asia introduce key vulnerabilities to forced labor in the information technology industry.

To a certain extent, in sending countries, labor brokers continue to enjoy the support of states whose economic policies encourage labor exportation. Laws regulating fees are in place, but these are routinely violated or circumvented. The actual fees charged to workers in sending countries still commonly exceed legal limits. Laws requiring contracts to be signed pre-departure, and be approved by sending country overseas employment authorities, are circumvented with the practice of making workers sign supplemental agreements. The terms in these supplemental agreements can be contradictory to the terms in the contract signed in sending countries.

Direct hiring programs have been developed between sending and receiving countries (i.e. Philippines and Taiwan), and implemented by a few employers, most still choose to employ the services of labor brokers. However, there is a distrust of government initiatives. Employers and workers interviewed expressed concern that that this program would be slow and inefficient, and subject to corruption. Employers continue to depend heavily on their labor brokers, with whom they have had long-standing relationships. In the Philippines, the direct hiring program, which can be a very viable option for workers, is limited in scope and may be unprepared for bulky transactions and large job orders. Currently, the service is available only for employers seeking to rehire currently employed migrant workers whose contracts are about to expire.

RESEARCH CONCLUSIONS: ASIA

There is also a concern among worker advocates that the direct hiring program contravenes provisions in the Migrant Workers' Act of the Philippines, particularly the joint and solidary liability of recruiter and employer, since the state (as represented by the Philippines Overseas Employment Administration) in this case cannot be sued. Furthermore, the origin country does not have any legal jurisdiction outside its territory and the destination country does not always assume full responsibility unless migrant workers are permanent residents or become citizens.

A deeper and more robust commitment to direct hiring programs and bilateral initiatives is warranted in the region. At the same time it must be recognized that labor brokers will continue to play an essential role in the information technology industry. Therefore, Verité recommends a two-pronged effort at strengthening the enforcement of laws and regulations governing brokers, and educating jobseekers so that they are equipped to select "good" brokers and take all possible measures to protect themselves against fraud. More work should also be done to require destination factories to pay for the services of brokers; and likewise to empower and strengthen the bargaining power of brokers themselves.

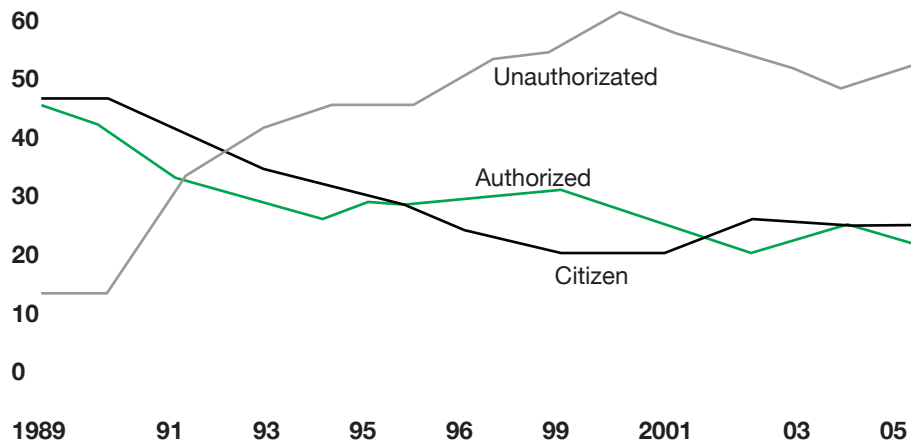
RESEARCH FINDINGS: UNITED STATES

Labor Brokers and Hiring Traps in the United States

The third focus of Verité's 2009 research was U.S. agriculture – a sector that has in recent decades seen a dramatic concentration of production, with “megagrowers” dominating today's market. The sector is intensely competitive, and even megagrowers themselves are subject to a “cost-price” squeeze in which the cost of raw materials is escalating while the price of agricultural goods is shrinking.¹⁶

Legal status of hired crop farmworkers, 1989-2006

Percent of hired farmworkers



Source: ERS analysis of National Agriculture Workers Survey data. 1989-2006.

Thus while the supply chain for agricultural products is relatively short, the downward pressure on labor cost is immense. Growers in recent years have become almost exclusively reliant on a migrant workforce comprised of a mix of undocumented workers and temporary contract workers on H2 “guestworker” visas. These workers, regardless of visa status, hail primarily from Latin America.

RESEARCH FINDINGS: UNITED STATES

“One comes from Chile with the hope of helping their family. I grew up without shoes, with peeled feet because we didn’t have enough money. So I was very happy to have the opportunity to come to the United States. In Chile we think we will pick dollars from a tree. One doesn’t know that they will suffer more than in Chile because at least in Chile the bosses don’t treat us so bad.

*-Chilean cattleherder
on an H2A visa in the
western United States*

Migrant farm workers in the United States are often managed not by growers themselves, but by “farm labor contractors” – labor brokers that handle a mix of recruitment, hiring, transport and/or management of migrant workers on-site.

Labor brokers in U.S. agriculture come in many shapes and sizes and range from large organizations placing thousands of farm workers in agricultural jobs all over the globe to small specialized brokers or unregistered brokers working exclusively with undocumented workers in particular regions of the United States. Labor brokers usually work with recruiters in sending countries, although some brokers provide the full package: recruitment, contract arrangement and work-management services. Farm labor contractors are a ubiquitous presence on U.S. farms, managing the work of small or large teams of migrant farmworkers. In many cases, the farm labor contractor is, technically speaking, the worker’s employer; and the actual employer is not involved in payment issues or direct supervision and is thus unaware of labor violations. However several recent court cases have held the employer responsible for forced labor that was perpetrated by a farm labor contractor.¹⁷

Forced labor is a well-known phenomenon in agriculture in the United States; and labor brokers are key actors in the system, both for documented and undocumented workers. Verité’s research found that the primary mechanism for entrapping workers in situations of forced labor is the facilitation of grave indebtedness prior to arrival in the United States. The brokers themselves can be large or small; and workers on temporary guestworker visas seem more vulnerable to falling prey to forced labor schemes than undocumented workers. When the broker is involved in recruitment and transportation, workers’ vulnerability to forced labor is greatly increased. When migrant workers are recruited from within the United States (instead of from abroad) and there is no debt involved, Verité found the level of coercion and vulnerability to forced labor to be lower.

RESEARCH FINDINGS: UNITED STATES

The legal route into the United States for temporary work is the H-2 program, and this program creates some vulnerabilities of its own. The H-2 program is widely criticized by worker advocates for lacking adequate protections for work, health, and housing; legalizing the payment of subminimum wages; and – because workers are, for practical purposes, bound to work for one or more employers – entrapping workers at specified worksites for the duration of their stay in the United States.

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RESEARCH FINDINGS: UNITED STATES

“So they took us to that neighborhood and they specifically told us that we could not leave the apartment. They said, “Get out of the van, get into the apartment, and don’t leave. If you want to guy something do it here but not further.”

-Fernando from Guatemala, entered the United States on an H2B visa, trafficked and forced to work on a plant nursery in the northeast.

Case Study: Fernando Legal Guestworker Trafficked into Forced Labor

Fernando was a mechanic in Guatemala but wanted to earn more money to send his kids to school. He solicited the help of a labor broker to acquire an H-2B Visa to work in the United States. He took out a loan from his brother for the broker and travel fees, which totaled around US\$2,000, and traveled to North Carolina, where he thought he would be working. Upon arrival he and 11 other migrants were piled into a van and brought to New England to do nursery work. Fernando was suddenly an illegal worker in the U.S. because H2B visas do not cover plant nursery work. Fernando was housed in an apartment with seven roommates an hour from the jobsite. His passport was taken from him and he was required to sign a contract in English that he could not read.

At the nursery Fernando worked 12 to 15 hour days six days a week, for around US\$1.20 an hour after deductions for rent, electricity, gas, telephone, transportation and taxes. The broker taunted Fernando and the other workers, saying they were not sweating from hard work, but from nervousness. Later Fernando discovered that taxes were actually never paid and he had to come up with that money again.

Eventually someone noticed the strange situation of these men and assisted the workers in leaving their jobs and pursuing a lawsuit accusing the nursery and the broker of human trafficking; forcing the workers to work nearly 80 hours per week; paying less than minimum wage; and denying medical care for injuries on the job. The parent company of the nursery eventually settled and the workers received a small sum of money as compensation, but not enough to pay off their recruitment debts.

Undocumented workers are also vulnerable to forced labor in U.S. agriculture. These workers, the vast majority of whom are from Latin America, are typically smuggled or trafficked over the border with Mexico by coyotes, who are in some cases also their labor brokers or employers. Because of their undocumented status, these workers are by nature vulnerable to abusive labor practices and forced labor. In some egregious cases, coyotes hold workers hostage either until their families pay additional money or until they provide a certain amount of labor.

RESEARCH CONCLUSIONS: UNITED STATES

Verité's research indicates that the greatest opportunity for forced labor occurs when the labor broker is also the money lender and/or manages the workers in the United States. In many cases, undocumented workers in fact enjoy greater freedom of movement and better pay than legal H-2 visa holders, since undocumented workers can, in most cases, walk away from an abusive employer. Employers demonstrated a low awareness of signs of forced labor among H-2 visa holders who worked for a labor broker on their farms.

Some farm labor contractors in the United States are unusually powerful, which leads to inconsistent U.S. regulations that strongly favor employers and lead to labor abuses in forestry and cattle and sheepherding, for example.

Regarding enforcement, to date, sending country and U.S. governments have not shared available information regarding exploitative labor brokers abroad, which could greatly facilitate a more honest and equitable approach to migrant worker issues. The number of labor inspectors in the United States is inadequate, leading to a lack of oversight, particularly for the H-2A farm worker program. The separate agendas of U.S. immigration and labor officials have tended to penalize farm workers instead of exploitative farm labor contractors. This can be seen in the inability of labor officials to carry out laws regarding H-2 workers and the emphasis on penalizing illegal workers, which has resulted in an erosion of trust in U.S. law enforcement among the migrant worker community and a greater vulnerability for forced labor.

Many worker advocates related to Verité the inability to prosecute brokers or employers under charges of forced labor because the link between the recruitment debt and the employer could not be proven. Current understandings of the "menace of penalty" and other elements of the definition of forced labor must be more nuanced in order to capture the real situations of servitude that occur with regularity on U.S. farms. Isolation as a parameter for forced labor, for example, requires a broader legal interpretation than is currently used. Workers can be isolated not only physically, but also by language, through threats, and also through psychological games played by labor brokers to keep workers in line. The threat of deportation cannot be overestimated as a coercive tool for guestworkers, since most have incurred extensive debt to moneylenders in their home countries with no way to repay it unless they remain working in the United States.

SECTION II

WHAT TO LOOK FOR:
RED FLAGS FOR VULNERABILITY TO
BROKER-INDUCED HIRING TRAPS

WHAT TO LOOK FOR

Red Flags For Vulnerability To Broker-Induced Hiring Traps

Setting the stage: indicators of vulnerability

- Migrant population at the worksite
- Recruitment and management performed by labor brokers
- Length of chain from recruitment to employment
- Low recruiting fees for the employer ensures broker seeks funds from worker
- Use of temporary contract “guestworker” programs

The bait: recruitment and hiring

- High entrance fee, encouraging debt
- Contract substitutions/late changes
- Fraudulent visa practices
- Deception in job, salary, length of contract, benefits

The switch: revealed in the workplace

- Labor broker as on-site manager
- Passport confiscation
- Deductions, withholdings and illegally low pay
- Employer control of workers’ bank accounts
- Break-contract penalties
- Isolation
- Threats and violence

WHAT TO LOOK FOR

Verité's in-depth research on the connection between labor brokers and the trafficking of migrant workers in Southeast Asia, India and the Middle East, and the United States demonstrates the remarkably diverse sets of circumstances and settings under which the actions of labor brokers pave the way for migrant workers to become entrapped in jobs overseas. No two cases in Verité's reporting are completely alike, nor are the specific ingredients that constitute entrapment. In fact, forced labor is not always easy to spot, and workers may not acknowledge being in situations of forced labor due to shame and fear of reprisal. But amidst this patchwork variety of exploitation, some common threads can be found – most importantly the debt and deception that almost always set the stage for slavery. Any effort to stem human trafficking and forced labor among migrant worker populations must address these root causes of the exploitation that unfolds at the workplace.

To prevent hiring traps, employers must be aware of the risks of forced labor before they contract with labor brokers. They should put in place mechanisms to ensure that brokers employ fair hiring techniques and that migrant workers brought in by labor brokers are protected from exploitation both before they set foot on the worksite and after they have begun working.

Employers should also be aware of common management practices that can exacerbate the vulnerabilities of migrant workers to exploitation, and seek to avoid them.

Integral to these efforts is an understanding of some of the key indicators of the risk of human trafficking in recruitment and hiring, and of forced labor at the workplace. Verité's research – a qualitative effort to understand in-depth the triggers for hiring traps and enslavement – provides a solid basis from which to begin. Our research yielded a cluster of factors which, independently or in various combinations, were contributors to situations of human trafficking and forced labor for migrant workers. Verité refers to these as “red flags” for vulnerability to broker-induced hiring traps. Identifying the presence of these “red flags” is an entry point for the detection and remediation of hiring traps and the promotion of fair hiring in the global economy.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

The guest workers ... aren't allowed to go anywhere. They have a contract with us and we have one with them. If they leave, it's our responsibility to inform ICE [Immigration and Customs Enforcement]. That's why the guest worker program works.

-co-owner of an apple farm in Yakima Valley, Washington ¹

Setting the Stage: How Brokers Relate to Employers

The following issues should be considered as starting points for analysis. If one or more of these preconditions for risk of trafficking and forced labor among migrant workers is present, further research should be performed.

1- Presence of Migrant Workers: A Captive Workforce

At the outset, it must be reiterated that any workplace in which migrant workers – and particularly those on temporary work visas – constitute a significant segment of the workforce should be considered at high risk for forced labor. But even workplaces with only a handful of migrant workers are not exempt from risk.

The simple fact is that workers are at heightened vulnerability to modern-day slavery when they have been brought to work away from their homes, and that this vulnerability is generated or exacerbated by the involvement of labor brokers. These facts must be acknowledged by brokers and employers alike who seek to employ migrant workers.

Thus wherever migrant workers are employed, a set of targeted checks must be in place to ensure that these workers are not subject to forced labor.

2- Extensive Use of Labor Brokers to Hire Migrant Workers



When migrant workers are hired through brokers, the conditions of their recruitment and hiring are no longer under the control of, or even readily apparent to, employers. The debt and deception that can accompany the hiring process are unknown to employers as a vulnerability factor.

Verité's research on forced labor in U.S. agriculture led us to speak with Andy Grant, a Colorado organic farmer who was sued by a group of undocumented workers from Mexico who were enslaved by their farm labor contractor. Grant claimed that he was "shocked" to learn that immigrants employed on his farm were being underpaid by their contractor and that he had been named in a civil suit. Grant learned, like many companies, that outsourcing work to labor brokers does not exempt employers from liability. Instead, it increases workers' vulnerability to exploitation and forced labor and increases employers' risk to reputational damage and to lawsuits. In fact, when asked whether he could provide any advice to other employers on identifying risk signs that workers were being subjected to forced labor by brokers, Andy Grant said that the only way to ensure that workers were not exploited was to "not hire through brokers."

While this represents an extreme view, it nonetheless encapsulates the fact that risk is inherent in this system, particularly where migrant workers are concerned.

3- Many Different Actors in the Recruitment and Hiring Supply Chain

A useful gauge of the vulnerability to forced labor or other exploitation among migrant workforces is the length of the recruitment-and-hiring "supply chain" experienced by the worker. This should be measured not only in terms of actors and steps involved in a worker getting from home base to point of employment, but also in terms of the distance the worker travels, and other "degrees of separation" between the worker and his/her employer – including the inability to communicate directly because different languages are spoken, or because of different cultural and social understandings and practices.

It is fair to say that the longer the chain, and the more actors involved, the more opaque the conditions of recruitment and hiring become, and the higher the likelihood that abuse may occur. Verité refers to this concept as the measure of compound vulnerability in recruitment and hiring.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

“The incredible thing is that there are Mexican immigrants who are working at the ranches without documents, who are doing the same thing and are receiving the minimum wage for fewer working hours. And the guestworkers are working more, are being treated like slaves, and are receiving a small percentage of the minimum wage, and all of this is sanctioned by the law.”

–A lawyer who has represented foreign migrant cattleherders on H2A visas

4- Cost Analysis of Worker Payment vs. Broker Fees

A simple and effective way to assess the possibility that migrant workers are being exploited or even enslaved is to “do the math” – in other words, to ask (1) how much did workers pay to obtain their jobs; and (2) how much does the broker receive from the employer to manage workers on-site. In the words of the International Labor Organization, in many cases it quickly becomes obvious that an employer is demanding costs of a broker “so low as to make the use of coercive methods more likely.” ¹⁸

5- Terms of Work Visa

Another “first cut” at potential vulnerabilities to human trafficking and forced labor faced by migrant workers is to examine the terms of the work visas under which they labor.

Verité’s research in the United States and the Middle East found that visa terms that make a migrant worker’s legal status contingent on continued employment (or sponsorship) by one employer can create a “tie that binds” when combined with debt and deception in recruitment and hiring. It can also create a situation in which the threat of deportation – and consequent inability to pay back debt – is a “menace of penalty” tantamount to forced labor. Research from the United States was surprising, too, in its finding that undocumented (illegal) workers actually enjoyed greater freedom of movement and better pay than legal guestworker visa holders. Finally, legal provisions that exempt migrant workers from minimum wage provisions can also contribute to the inability of migrant workers to earn enough to pay back recruitment debt.

Verité will discuss mechanisms to mitigate the effects of these work-visa provisions in an upcoming Policy Brief.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

Masin-og, the manager of MW [a Philippines-based brokerage agency], repeatedly told workers, “If you want to rise from poverty and realize your dreams, trust us.” She used this phrase particularly when encouraging workers to pay MW’s high application fees.

The Bait: Preconditions for Human Trafficking and Forced Labor in Recruitment and Hiring

Verité found two factors in recruitment and hiring to be almost universal factors in hiring traps: debt and various types of deception, including contract substitution. Fraudulent visa practices were also found to be a strong indicator of vulnerability to trafficking and forced labor.

6- Amount and Location of Worker Debt

Debt is perhaps the most powerful and determinant factor in setting the stage for a migrant worker to become enslaved.

In traditional notions of debt bondage, the debt is held by the employer, thereby establishing a direct relationship of subservience and obligation. A modern-day understanding of debt bondage must be more nuanced, and should include scenarios under which debt is held by an independent party that does not work in collusion with the employer. Rather, the existence of the debt – and the urgent need of the migrant worker to repay it, particularly if the money is owed to those with connections to criminal elements, for example – means that this worker will be more easily manipulated by the employer to accept illegally low wages, poor working conditions, excessive work hours and the like. This worker will also be much more affected by threats of deportation – and consequent cessation of her earning potential – than a worker with no debt obligations.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

“They tell you that you will have a horse, lots of benefits, good treatment, a good salary, but when you arrive you find a huge surprise....”

– Ricardo, a Chilean cattleherder held captive by his employer in the western United States

Verité’s current research found that brokers charged migrant workers recruitment fees that ranged from a few hundred dollars to as high as US\$25,000. Where laws placed ceilings on the level of recruitment fees, actual fees often exceeded this limit.¹⁹ It is worth noting here that the charging of any fee to workers by a broker is in contravention of internationally accepted standards, including the principles of the International Labor Organization and the International Confederation of Private Employment Agencies (CIETT).²⁰

In the Philippines, the recruitment fee charged by many agencies deploying for Taiwan is around US\$3,000, with a handful charging almost US\$4,000. All workers interviewed by Verité reported being instructed by the broker to submit immigration paperwork reporting recruitment fees 75 to 80 percent lower than they actually paid. Workers financed their fees through loans from family members, banks or moneylenders; sometimes at usurious interest rates.

In the United States, labor experts and workers interviewed by Verité reported brokerage fees ranging from US\$3,000 to US\$25,000 among workers coming in legally on H2A and H2B guestworker visas. Workers borrowed from family members and in other cases from moneylenders. Interest rates were sometimes usurious, reaching up to 20 percent monthly. Brokers or moneylenders affiliated with brokers sometimes held workers’ titles to land or other valuables as collateral. Once in the United States, some workers were threatened with deportation, blacklisting, confiscation of land, or violence against themselves and their families if they complained.

In India, migrants to the GCC states of the Middle East reported paying recruitment fees that ranged from US\$1200 to US\$3800 – amounts far above the legal limit.²¹ Workers interviewed by Verité used various means to finance their recruitment fees, including borrowing from relatives, banks, or moneylenders; selling assets such as jewelry; and taking out mortgages on family homes.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDIATION

7- Deception and Contract Substitution

Debt is almost always accompanied by some sort of deception in recruitment and hiring. Countless workers described to Verité being promised one thing by the broker and experiencing something entirely different in the host country. Deception was typically focused on the level of salary and availability of work. Workers were also lied to about the nature of the work they would perform and the location in which they would perform it. Sometimes this deception is formalized in the practice of “contract substitution” or the addition of “supplemental agreements” to existing contracts.

It is common practice for Philippine workers bound for employment in IT manufacturing facilities in Taiwan to be required to sign a standard contract provided by the Philippine government prior to departure, and then another contract containing less favorable terms when they arrive in Taiwan. In many cases, terms and conditions pertaining to work hours and wage rates vary significantly. In some instances, workers were summarily transferred to jobsites other than the ones indicated in the contract. It is also common for employers and/or brokers to require workers sign “supplemental agreements” – sets of agreements, provisions, and terms appended to the original contract – before they begin work. These supplemental terms typically entail added costs or restrictions for workers. In one factory, for instance, the workers reported to Verité that they signed supplementary agreements indicating, among other things, a factory savings deduction of US\$155 from their salary, and that they should compensate the employer US\$622 for breaking their contract.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

*“They tell you that you have a horse,
lots of benefits, good treatment, a good
salary, but when you arrive you find a
huge surprise...”*

*-Ricardo, a Chilean cattleherder
held captive by his employer in the
western US.*

Following are examples from Verité’s research of real supplemental conditions appended to the contracts of Philippine workers in IT manufacturing facilities in Taiwan.

Supplemental Agreements – A Closer Look

Employment Commitment

I agree that the employer for safekeeping shall keep my passport and chop (visa) until termination of the employment contract upon departure.

Supplementary Employment Agreement

It is my sole willingness to accept the terms and conditions, compensation and benefits package of my employment with the company. Shall I have anything in opposition to these, I shall accept immediate termination of employment contract with the company and waive whatever claims I may have.

Fee Deduction Agreement

I understand and agree to pay monthly and other fees required in employment related documents during employment in Taiwan. The factory will deduct the fees indicated from my monthly salary, and in the event that my monthly salary is not sufficient, the factory will deduct the unpaid balance from my savings fund.

Monthly Savings Agreement

I acknowledge that the factory can deduct TWD 3000 (US\$93) from my payroll account and transfer it to a savings account until the contract expires. I cannot withdraw or close the \ savings account without the company’s approval.

Penalty for Breach of Contract

I will be subjected to a breach of contract penalty of TWD 2,000 (US\$62) multiplied by the number of months the I have been employed in the facility (for a maximum of 12 months) as compensation for the company’s loss under the following terms :

- 100% - violation of company/dorm rules and regulations
- Self termination
- Poor work performance
- Other reasons that cause great loss to the company

Penalty computation based on decision of the company:

- 50% - Penalty computation based on decision of the company
- 30% - Penalty computation based on decision of the company



In United States agriculture, deception in recruitment and hiring manifests in several ways. One chronic problem for migrant workers on temporary visas is that they are not given the full number of weeks of work specified in their contracts. Thus they earn much less than they were promised by the broker.²² Often the contract differs from what the worker was led to believe in the sending country. For example, a Thai worker testified: “They showed me all the documents, and they are a legal company approved by the Thai government, and the information about the jobs they showed me seems real.... But it turns out the H-2 guest-worker program is seasonal: The job must last less than one year — not the three years that the broker promised me.”²³ Chilean cattle and sheepherders interviewed by Verité reported that they were forced by their broker to sign a contract at the airport — while they were being paged to report to the gate — which specified lower pay and longer hours than those originally promised to them.²⁴

In India, information regarding salary conditions for migrant workers bound for the Middle East was sometimes misleading or incomplete. For example, a driver interviewed by Verité was told that he would receive a commission over and above his pay, for daily vehicle use. However, he later learned that he was responsible for fuel costs out of his own salary, and the cost of fuel wound up being more than his commission. In general, while workers typically possess a minimum level of education, they find it difficult to understand the contents of the English-language contract and are not offered an explanation either by the recruiting agent or the employer. When the contract signing takes place in India, it is usually either at the airport or directly before departure, and the worker is given little time to go through the details of the contract before signing. Nor do workers typically receive a copy of the contract once it is signed. When the worker signs the contract in the receiving country, it is usually at the time of receipt of the work permit, and companies sometimes threaten to deport workers if they refuse to sign.²⁵ Workers also reported being asked to sign or fingerprint a blank sheet of paper.²⁶ While how these blank pages are used is not clear, it does appear that sometimes the employer is able to use them to avoid paying the “end of employment gratuity” — a one-time payment received at the fulfillment of the employment contract.²⁷

8- Fraudulent Visa Practices



Another form of betrayal by a labor broker is the issuance of a false visa. Verité's research found substantial evidence of this practice among Indian workers bound for the Middle East. In most cases, workers cleared Indian immigration with no difficulty and only discovered the false visa upon arrival in the Middle East, where imprisonment was one consequence. Twenty percent of workers interviewed by Verité in the state of Kerala had spent time in jail while job-seeking or working in the Middle East, due to problems related to visas and work permits. Length of incarceration ranged from one to eight months. Other outcomes found by Verité research included "smuggling" of these adrift jobseekers into underground forced labor rings once abroad, or the decision of the jobseeker to forge out on his/her own to obtain illegal (and therefore dangerous) employment.

Guatemalan and Mexican jobseekers aspiring to work in the United States also recounted instances of visa fraud, where brokers took their recruitment fees and then disappeared, leaving these jobseekers saddled with immense debt and little means to pay it off.

Twenty percent of workers interviewed by Verité in the state of Kerala had spent time in jail while job-seeking or working in the Middle East, due to problems related to visas and work permits.

Once on-the-job, migrant workers who are highly leveraged due to excessive recruitment fees, and/or who were subject to deception in recruitment and hiring, are exceedingly vulnerable to exploitation. In Verité's experience, employers engage in a range of practices that exacerbate vulnerability to forced labor.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

The Switch: How Forced Labor Unfolds at the Workplace

9- Labor Broker as On-Site Manager

Where labor brokers manage the work of migrants as their on-site supervisor, the risk of abusive practices is high. Where the broker was also the moneylender, or has connections to the moneylender that financed the recruitment fee, the conditions for forced labor are ripe.

Verité's research in the United States included a look at the case of Moises and Maria Rodriguez, farm labor contractors eventually convicted of transporting illegal aliens and harboring and employing smuggled aliens. In this case, undocumented Mexican workers were held in slave-like conditions on an organic fruit and vegetable farm in northern Colorado by Rodriguez – a small labor broker who financed the smuggling of the workers into the United States. Rodriguez had ties to the coyote that brought the workers into the United States, and he arranged their transport. Rodriguez inflated the actual cost of the workers' journey and used this "debt" as the primary mechanism for enslaving the workers. Rodriguez ensured that workers paid back their smuggling fees through implicit and explicit threats and in some cases the use of violence. This created a situation in which they were indebted to Moises and were unable to leave his employment until they paid off the fees.

The grower – an organic farmer self-described as an "outspoken adherent to social justice" who had worked in the past to help legalize undocumented immigrants and paid his workers above the minimum wage – was "shocked" to learn that immigrants employed on his farm were being underpaid by their contractor. In stark contrast, undocumented workers who were directly employed by the grower labored freely, under relatively good conditions.

In Malaysia, Verité found that migrant workers managed directly by IT manufacturing facilities were at much less risk of being overcharged for recruitment than migrant workers whose labor was "subcontracted" out to be managed by labor brokers on-site.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

The biggest problem is that they took away our documents and money. Where could I go without money and papers? No one could escape because he [the employer] kept all our money and documents.

– Ricardo, a Chilean cattleherder held captive by his employer in the western United States

10- Passport Confiscation

One of the most chronic abuses reported by migrant workers across the globe is the confiscation of identity documents — in particular, passports and work visas. Employers often rationalize this practice by claiming that they are taking the documents for “safekeeping” and that workers may have access to them at any time. In practice, it is not always so easy or comfortable to request access to one’s passport from the employer; and Verité has often found situations in which access is restricted in large or small ways – by having to request in advance or lodge a deposit to “take out” your passport, for example.

Without a passport, a migrant worker cannot freely and safely move about in the host country, and is in fact often at great risk of imprisonment if picked up by police without papers.

Indian workers migrating to the GCC States of the Middle East must provide their passports to employers in order to receive a work permit. They typically never get them back. One hundred percent of workers from Kerala interviewed by Verité had their passports confiscated upon arrival in the Middle East.

In Malaysian IT manufacturing facilities, migrant workers reported being required to turn over their passports to their employers. In order for workers to be allowed to “borrow” their passports, they often were required to sign a logbook indicating their reasons for doing so. In some companies, workers were only able to access their passports at the end of the contract. At one company, if workers needed to borrow their passports for reasons such as opening a bank account, they had to be accompanied to the bank by a representative of the company. Another labor agency required workers to give monetary deposits when they borrow their passports. Workers were also required to put up deposits if they needed to return home for temporary emergencies. In Taiwan, labor brokers or employers similarly withheld or restricted access to workers’ passports and required workers to obtain broker’s or management’s permission before accessing their passports.

In the United States, confiscation of passports was found to be an issue in all cases researched by Verité, where legal guestworkers were concerned. A lawsuit against Imperial Nurseries in the northeastern United States, for instance, charged that agents of Imperial confiscated Guatemalan H-2B workers’ passports to prevent their escape, forced them to work nearly 80 hours a week for far less than minimum wage, denied them emergency medical care and threatened them with jail and deportation if they complained.



Chilean cattle and sheepherders in the western United States were required to hand over their passports, as were Thai workers brought in by the large brokerage agency Global Horizons to labor on fruit and vegetable farms across the United States. The Southern Poverty Law Center reported numerous incidents in which employers destroyed passports or visas in order to convert workers into undocumented status. When this happens, there is little likelihood of a worker obtaining assistance from local law enforcement officials. In many jurisdictions, lawyers representing workers advise them to avoid calling police because they are more likely to take action against complaining workers than against the employer. ²⁸

11- Deductions, Fines, Withholdings and Illegally Low Pay

Many migrant workers are shocked when they receive their first paycheck. In Verité's experience, take-home pay rarely adds up to what migrant workers anticipated, or what had been promised by the labor broker.

There are many different mechanisms at play that reduce what migrant workers earn – and how much of their money they have control over – while in the host country. One mechanism of asserting control over the migrant worker is to withhold part of his/her earnings as a kind of “forced savings”, to be paid out to the worker at the end of the contract. Other mechanisms are to charge – sometimes excessively – for costs that the worker did not anticipate (in many cases because the broker did not make the charges known to the worker at the time of hire). Deductions are commonly levied for housing, food, tools, uniforms, and travel. Some of the more far-fetched charges that Verité encountered were for cleaning the boss's car, or for use of the bathroom. The structure of workers' pay is also sometimes such that workers are penalized – in some cases quite heavily – for not meeting quotas.

In Taiwan, employers are permitted by law to deduct up to 30 percent of a migrant worker's salary and place it in a bank account in the worker's name. The worker typically has no access to the account. This is a system that everybody knows and refers to as “runaway insurance.” In essence, it is used as a means to guarantee against the worker's premature termination of his or her contract or transfer to another factory. In most cases, these savings are returned to the workers at the end of the contract; and in some factories, workers are provided means to check the balance on their accounts. In many factories, however, employers also cover the workers' return airfare with part of their savings.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

Deductions and withholdings can sometimes reach the point of the absurd: One forestry worker in the southern United States technically was paid \$7 per hour for 15 hours of work, but earned only 13 cents an hour after deductions. His paycheck for this period was \$1.98. Since it cost \$2 to cash the check, the worker decided to keep it instead. It later served as evidence of payment violations.²⁹

Migrant workers are typically forced into such savings arrangement upon arrival in Taiwan and they are often sent home if they object. The money is not returned if the worker ends work early due to abuse or exploitation, thereby deterring workers from seeking assistance.

Taiwan-based IT manufacturing facilities also commonly levy deductions from Philippine workers' paychecks for room and board, broker service fees, taxes, health insurance, and labor insurance. (Under Philippine law, the foreign employer should provide free food or compensatory allowance and free suitable housing.) In some cases, workers are levied unclear charges for housing, entertainment, food, medical costs, insurance payments that are lumped together with deductions for brokers' services. These deductions are not always detailed in the original contracts; rather they are usually indicated in supplementary agreements that workers sign upon arrival in the factory.

In Taiwan, employers are allowed by law to delay payments to workers in times of economic distress, contributing greatly to the workers' multiple layers of indebtedness. In Verité's experience, when workers are not paid on time or when their salaries are delayed, they commonly look to obtain loans from local moneylenders to pay just the interest portion of their loans back home. Local moneylenders charge ten percent monthly interest on these loans, and also require that the workers surrender their ATM cards (on which they draw their salaries), which workers do not get back until they are able to repay the loan in full.

Indian migrants who had worked in the GCC states of the Middle East reported that their contract terms and actual conditions differed substantially, particularly with regard to food, lodging, and salary. Forty percent of workers reported salary withholdings by employers. Those working for individual employers as drivers and household staff were particularly vulnerable; and it was not uncommon, according to interviewees, to have no payment for six to eight months after the job began. Individual and company employers also routinely deducted for visa and work permit renewals, although this was supposed to be covered by the employer. Often, employers deducted for food when free food was included as a benefit.

Case Study: Imran

Pay Whittled Away to Nothing in Saudi Arabia



Twenty-eight-year-old Imran wanted to work as a driver in the GCC States because his father had worked as a mason in Dubai. Imran's family had built a large house, for which the family was still in debt. Also, Imran was ready to start thinking about marriage.

In his hometown of Kannur, making a good marriage match is difficult if the groom has not worked in the GCC States. In fact, all of Imran's friends were already working there. Imran paid US\$1,512 in recruitment fees to a recruiting agency and got a job as a driver for an individual in Saudi Arabia that would pay US\$259 per month with an incentive to earn more. Imran signed a contract before departure, which included the salary, an incentive to earn more and free food and lodging. Upon arrival, Imran was required to work long hours and had to pay for fuel from his own pocket. He was paid half the salary written in his contract, and after subtracting fuel costs, he made nothing. He appealed to his recruiting agency, who denied responsibility for an employer's breach of contract. Imran decided to return to India, and since he had broken his work contract, he had to pay for his own return ticket. Imran currently works as a driver in Kannur, but the work is irregular and he hopes to return to the GCC States to earn money like his neighbors and friends. He is still in debt from his failed trip to Saudi Arabia.



Once in the United States to work either legally or illegally, many workers see their wages whittled away – sometimes to less than the minimum wage – by deductions for gas, food, lodging, tools and even, in one case, using a portable outhouse.³⁰ According to a study released in November 2009, over two thirds of immigrants are subjected to minimum wage violations, and 80 percent are subjected to overtime payment violations.³¹ Many farm labor contractors find a number of ways to short workers on their wages. For example, shaving two hours off a ten-hour workday in the books will effectively lower the hourly wage rate from US\$6.98 to US\$5.58. In other cases, growers request workers for longer contract periods than necessary. When the work runs out, the guestworkers are forced to return home early – which, in practical terms, means that growers are not obligated to pay transportation costs and other guaranteed benefits. One North Carolina internal document estimates that 85 percent of all H-2A work dries up five months into the seven-month season.³² Misclassification is another problem.

This occurs most often when workers who should be characterized as H-2A workers (because, for example, they are picking produce in the field) are instead brought to the United States as H-2B workers (and labeled as packing-shed workers, for example). This results in workers being paid substantially less than the wage rate they should lawfully be paid, since wage regulations for H-2A workers are more favorable than for H-2B workers. Another common form of misclassification involves misstating the kind of work H-2B employees will be performing, so that the prevailing wage rate is set for one kind of work, such as landscaping, when the workers actually will be doing work that warrants a higher prevailing wage rate, such as highway maintenance. There is virtually no recourse for workers to file grievances for these abuses.³³

In United States agriculture, there are many cases where the contract terms are changed from weekly wages to piecework, particularly in forestry. Instead of being paid the prevailing wage of US\$6 to US\$10 per hour as promised prior to departure, migrant forestry workers are often paid according to the number of seedlings planted – and are expected to empty two bags of 1,000 seedlings each per day.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

Many are paid less than US\$25 a day, despite working eight to 12 hours.³⁴ One former H-2B worker who led a class action civil suit against Express Forestry said workers were promised a wage of US\$8 an hour, but instead were paid on a piecework basis. Even though they worked from 6 a.m. to 7 p.m., six days a week, their paychecks said they had worked only 26 or 27 hours.³⁵ Another forestry worker was promised travel reimbursement and wages high enough to support his three young children in Guatemala. Instead, his piecework wages amounted to US\$3.75 an hour, even before steep illegal deductions for telephone service and other costs.³⁶

12- Employer Control of Migrant Workers' Bank Accounts

In the United States and Taiwan, Verité found instances of employers or brokers with access to, or complete control of, workers' bank accounts. This creates an unquestionable situation of temporal "free labor" – in other words, slavery. As long as workers are not permitted access to their earnings, they are essentially working for free. It also creates powerful leverage for the employer or broker over the worker. What worker would risk speaking out against an employer or broker, when that employer or broker had control over the worker's bank account? Instead, migrant workers "toe the line" and labor in whatever conditions the employer demands, hoping that the promise of eventual access to earnings will be honored.

In one factory in Taiwan, Verité researchers found that unauthorized deductions were made on migrant workers' bank accounts by labor brokers. Many of the workers felt helpless and were afraid to make a complete report to Verité researchers for fear of reprisal from management and brokers, and for fear of losing their job and not being able to settle their debts. Those who were already about to finish their contracts were more expressive of their anger and said that they were ready to lose their jobs in protest, since they had already settled their debts and had a few more months to the end of their contract.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

A cattle herder in the western United States had no access to the money he was making: He was never paid in check or cash. Instead his salary was deposited directly by his employer into a bank account. His boss kept all the bank papers and the ATM card, and the worker was not told the name or the location of the bank.

13- Break-Contract Penalties

Heavy break-contract penalties are one of the more formal and transparent mechanisms to force a worker to stay on the job.

In IT manufacturing facilities in Taiwan, it is a common practice for management to impose financial penalties for voluntary or involuntary termination of the contract. This occurs in the form of a “break-contract fee,” which is often levied only after workers arrive in Taiwan. In addition to this fee penalty, workers are also required to forfeit their return airfare payment, forced savings and tax refunds if they resign before the end of their contract. In one factory audited by Verité, for instance, management imposed a fee penalty of US\$622 for workers that opted for early termination of their contract. In some cases, workers whose contracts were involuntarily terminated because of economic reasons were still forced to pay for their return airfare using the savings deducted from their monthly salary, and were unable to collect their tax refunds. Workers at another factory reported to Verité that they wanted to break their contract and leave after the first half of the contract period because pay was too low and work hours too long, but they could not afford to because they would have to pay about US\$957 for “break contract” charges and return airfare.

14- Isolation

Isolation – geographic, social or cultural – can serve as a mechanism for trapping migrant workers at the worksite.³⁷ Isolation can be obvious – such as when workers are located many miles from the closest town, and/or where workers have no way of transporting themselves away from a worksite. It can also take more subtle forms, for example in cases where workers do not speak the local language and therefore have no way of reaching out for help when abuse and exploitation occur.

By isolating workers and becoming their sole source of food, information, and communication with the outside world, labor brokers can often damage the victim’s sense of self-hood and autonomy and render him or her incapable of independent action or even thought.³⁸



In the GCC states of the Middle East, construction sites for hotels, public works, shopping centers, and service stations are oftentimes sixty to seventy kilometers from the Indian worker's company-supplied lodging. Workers usually stay in large groups in extremely confined quarters. Outside the workplace, language can be a barrier, particularly if the worker is picked up by the police or labor department for visa irregularities. Workers reported to Verité that they were not provided with translators in these instances, and many spent months in prison without the ability to contact family.

Another isolating factor is that grievance mechanisms are not readily available: In the UAE, a formal complaint must be submitted in writing, in Arabic, on an official form. In cases where the complaint relates to breach of contract, the worker may submit it to the complaints office of the Ministry of Labor in the Emirate that originally issued his work permit. There is one complaint office in Abu Dhabi and one in Dubai.³⁹ Friday, a holiday in all Islamic countries, is the one day a week that most workers have off. However, since the Complaints Department of the Ministry of Labor and the Shari'a Court are closed on Fridays, this also means that workers have virtually no access to grievance mechanisms should they wish to protest their working conditions.

In United States agriculture, housing for both H-2A and H-2B workers is often located in extremely isolated rural locations. In most instances, workers lack both vehicles and access to public transportation, making them totally dependent upon their employers for transportation to work, grocery stores, and banks.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

“Although I do not know whether he [the broker] has any contacts in Guatemala, I imagine that he does, and it is so easy to get human beings to harm others. That is the problem. I wasn’t going to let him harm my family.”

*-Fernando,
a Guatemalan on an H2B visa, forced
to work on a plant nursery in the north-
eastern United States*

Some employers charge exorbitant fees for rides to the grocery store. Much of the housing provided to workers lacks telephone service, isolating workers even further.⁴⁰ While geographic isolation can be severe for workers in agricultural work camps, the perhaps more dire plight of H-2B forestry workers and sheepherders has remained out of the public eye, due to remote job sites and the wariness of the workers, who generally do not speak English and fear retaliation by employers.⁴¹

In 2008, a federal judge ruled that 3,000 pineros, the “men of the pines” who plant the massive pine plantations in the southern United States, had been grossly underpaid and subjected to abuse made possible by the workers’ social and physical isolation.⁴² Cattle herders interviewed by Verité worked in isolation for months at time on a ranch that spanned three states. One worker reported that it took him the whole night riding on horseback to get to the nearest ranch, where there was a telephone. He was unable to call a friend in the United States for six months because he did not know to dial “1” before the area code and there was nobody that he could ask.

15- Threats and Violence

Perhaps the most blatant mechanism for binding workers to the workplace is the use of threats and violence by employers or brokers. Like with isolation, threats and violence are not always necessary means to entrap migrant workers – debt and deception can be effective on their own. But when used, threats and violence are effective ways of “beating down” workers, rendering them a compliant and flexible workforce.

In the GCC States of the Middle East, employers threatened Indian workers with dismissal. Several migrant workers interviewed by Verité who demanded fair treatment from employers were fired and sent back to India. Eighty percent of the workers interviewed reported verbal abuse from supervisors and bosses, particularly with individual employers. Physical abuse and harassment were also reported by interviewees for Verité’s research.

RED FLAGS: ENTRY POINTS FOR DETECTION AND REMEDiation

“The contractor raised his shirt and showed he had a gun — and that was enough,” said Eva San Martin, an advocate working in New Orleans. “He didn’t have to say any more. The worker left.”⁴⁴

In United States agriculture, Verité found that employers and brokers use threats to assert control over the workers, such as threatening to call Immigration and Customs Enforcement. Even when employers do not overtly threaten deportation, workers live in constant fear that if they complain, they will be sent home or not be rehired. According to the Southern Poverty Law Center, Human Rights Watch has found that in the H-2A program there is “widespread fear and evidence of blacklisting against workers who speak up about conditions, who seek assistance from Legal Services attorneys, or who become active in [the union].” Human Rights Watch also found evidence of a “campaign of intimidation” against workers to discourage any exercise of freedom of association by the workers.⁴³

Threats of deportation and personal harm are common if workers complain of payment violations. When one Latino worker attempted to collect wages from a contractor, “The contractor raised his shirt and showed he had a gun — and that was enough,” said Eva San Martin, an advocate working in New Orleans. “He didn’t have to say any more. The worker left.”⁴⁴ Labor brokers also threaten to harm workers’ families in their home countries. For example, one worker recounted to the Southern Poverty Law Center that a group of men came to his home in Guatemala and threatened to kill him if he did not drop his lawsuit, and that his labor recruiter additionally threatened to burn down his entire village.⁴⁵

SNAPSHOT OF RESEARCH SCOPE AND FINDINGS

Snapshot Of Research Scope And Findings

	India	Gulf States	Malaysia	Taiwan	United States
Sector	Garments/textiles	Construction, infrastructure (primarily)	IT	IT	Agriculture
Workforce	Domestic	Keralites	Indonestians, Nepalese	Filipinos	Guatemalans, Mexicans Thais
Brokers / Roles and Functions	Recruit or Traffic into sex trade or On-site management Highly informal	Recruit and/or Hire and/or Process visa and/or Arrange travel (or smuggle) and/or On-site mgmt of labor Mix of formal and informal	Recruit and Hire and Process visa and Arrange travel and/or On-site mgmt of labor Formal	Philippines side: Recruit and Hire and Process visa and Arrange travel Taiwan side: Process work permit and On-site mgmt of labor Formal	Recruit and/or Hire and/or Process visa and/or Arrange travel (or smuggle) and/or On-site mgmt of labor Mix of formal and informal
Factors in Recruitment/ Hiring that Set the Stage for FL	Sumangali: -Deception re:pay (stipend),withholdings, type of job -Contract structure:pay withheld for duration of 3-yr contract Children (bonded): -Advance taken by parents -Deception re: pay, type of job -Employment structure: child is “handed over” to care of the employer Adults and children: -Preexisting debt/ “razor’s edge of financial solvency” -Advances taken from employer	-Recruitment debt -Deception re: pay, length of contract, type of job -Fraudulent visas -Contract signed at airport -Work visa ties worker to workplace -Employers must use broker by law	-Recruitment debt -Deception re: pay, length of contract, type of job -Contract substitution -Work visa ties worker to workplace -Employers must use broker by law	-Preexisting debt -Recruitment debt -Deception re: pay, length of contract, type of job -Supplemental contract terms -Work visa ties worker to workplace -Deployment delays -Employers must use broker by law	-Preexisting debt -Recruitment debt -Deception re: pay, length of contract, type of job -Contract signed at airport -Guestworker program ties worker to workplace -Deployment delays -Collusion bw broker and employer

Snapshot Of Research Scope And Findings

	India	Gulf States	Malaysia	Taiwan
Methods of Subjugation/ Enslavement on-the-job	Sumangali: -Isolation -Constant surveillance in factory and dorm-warden present for mtgs with parents, phone calls monitored -Heavy break-contract penalty (forfeiture of bulk of earnings) Children (bonded): -Employer has complete control over the minor -Heavy break-contract penalty (forfeiture of bulk of earnings) -“Campaign of intimidation” -employer cultivates fear of police Adults and children: -Deductions, underpayment, fines create the willingness/ need to accept high levels of OT	-Isolation – geographic, language -Threat of deportation -Employer lets work visa expire, rendering worker illegal and more vulnerable -Passports withheld -Underpayment, sometimes long periods of delayed payment -Work unpaid for first 6-8 months -High incidence of imprisonment due to visa and work permit irregularities (threat of imprisonment very real)	-Forced savings (forfeited if contract terminated early) -Passports withheld -Deductions -Lower pay than expected -Heavy break-contract fines -Isolation -Strict monitoring of living quarters -Pay lower than expected	-Forced savings of 30% is legal (forfeited if contract terminated early) -Broker access to bank accounts -Passports withheld -Heavy break-contract fines -Deductions -Lower pay than expected -Isolation -Strict monitoring of living quarters -Three levels of approval required for leaving factory grounds on day of rest
			United States -Gun toting/ physical threats/ “campaign of intimidation” -Isolation – geographic, language -Threat of deportation -Deductions, underpayment -Passports withheld -Threat of blacklist -Work irregular, long waits and transfer periods -Pay lower than expected	

SECTION III

THE WAY FORWARD:

ACTION TO PROMOTE THE FAIR HIRING
OF MIGRANT WORKERS IN THE GLOBAL
ECONOMY

THE WAY FORWARD: ACTION TO PROMOTE THE FAIR HIRING OF MIGRANT WORKERS IN THE GLOBAL ECONOMY

Recent years have seen an explosive growth in awareness and acceptance of responsibility by multinational companies and other top-tier actors to map and understand inputs to supply chain production, trace carbon footprints, and in general embrace responsibility for the “big picture” of how their goods and services are made and delivered in a globalized economy. Help Wanted makes the case that, in the realm of worker protections, these efforts must be further broadened to take account not only of working conditions in supplier factories and worksites, but also of the recruitment and hiring practices that precede the employment of workers. Indeed, the existing supply chain improvement goals of multinational companies will continue to be undermined by problems rooted in recruitment and hiring practices unless actions are taken to eliminate them.

Employers, social auditors, worker advocates, labor inspectors and others with an interest in preventing human trafficking and slavery must recognize the vulnerability of migrant workers to broker-induced forced labor and seek to detect and remediate the hiring abuses that create this vulnerability. The red flags discussed above are an excellent place to start.

In the coming months, Help Wanted will use these red flags as a platform for further action to promote the fair hiring of migrant workers in the global economy. Verité will develop an open-source toolkit to help companies and others to identify, understand, and respond to forced labor in supply-chain production, with a particular focus on direct and indirect hiring practices. Workshops will be offered worldwide, at which the findings from Verité’s research and the key elements of the toolkit will be presented. Key changes in governmental policy and practice needed to reform labor broker practice will be presented in a policy brief.

Verité’s Help Wanted website, www.verite.org/wellmade will be expanded to serve as a clearinghouse of information and resources on the subjects of labor brokerage, human trafficking and fair hiring.

To kick-start the dialogue on transparency in the labor brokerage process, Verité has developed sets of questions for major stakeholder groups. These questions, found on our website, can serve as a beginning, a way of assessing the degree to which awareness of hiring traps is already present and the work left to be done. Verité looks forward to continuing this dialogue and working together with interested stakeholders to secure fair hiring for all migrant workers, worldwide.

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Research in India was spearheaded by Verité's India-based NGO partner, the Association for Stimulating Know-How (ASK).⁴⁶ ASK's Director, Aqueel Khan, conceptualized the project. Monica Ramesh managed the research, and Jekib Ahmed led the field interviews and reported the results.

In Southeast Asia, Marie Apostol – Director of Verité, Southeast Asia –conceptualized the project. Daryll Delgado implemented the field research and reported the results, and Melizel Asuncion conducted the legal review.

The U.S. team was led by Verité's Research Manager, Quinn Kepes. Natali Kepes helped conduct U.S.-based interviews with Guatemalan and Mexican workers and served as translator of interview instruments and research findings. Lourdes Saenz conducted the desk and field research in Mexico. In Guatemala, Ana Lucia Fuentes from the NGO COVERCO (Commission for the Verification of Codes of Conduct) carried out desk and field research, supported by Aroldo Palacios on the legal analysis. Owen Thompson collaborated with Verité on the Global Horizons case study.

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ENDNOTES

- ¹ AntiSlavery International. “What is Bonded Labour?” <http://www.antislavery.org/english/slavery_today/bonded_labour.aspx>.
- ² Aligning Temporary Visas with U.S. Market Needs. Migration Policy Institute. http://www.migrationpolicy.org/pubs/Provisional_visas.pdf
- ³ See International Labor Organization. “Key Statistics on Forced Labour.” 2005. <http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_decl_fs_20_en.pdf> and “Top 10 Facts About Modern Slavery.” ,<http://www.freetheslaves.net>>.
- ⁴ Human Rights Center, University of California, Berkeley; and Free the Slaves. “Hidden Slaves: Forced Labor in the United States.” September 2004. <http://hrc.berkeley.edu/pdfs/hiddenslaves_report.pdf>.
- ⁵ The United Nations defines human trafficking as human the process by which a person is recruited to be controlled and held captive for the purpose of exploitation. At root, it entails tricking or coercing a person into migrating, and then exploiting that person economically during the migration process and/or once they have migrated. The Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons (2000) defines trafficking as follows: “‘Trafficking in persons’ shall mean the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.”
- ⁶ International Labor Organization. “Key Statistics on Forced Labour.” 2005. <http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_decl_fs_20_en.pdf>.
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¹⁰ Luc Demaret. “Private Employment Agencies: The challenges Ahead from the Workers’ Perspective.” In Merchants of Labour. Christiane Kuptsch, Ed. International Institute for Labour Studies and International Labour Office, Geneva. 2006; and Dovelyn Rannveig Agunias. Guiding the Invisible Hand: Making Migration Work for Development. United Nations Development Programme, Human Development Reports. Research Paper 2009/22. June 2009.

¹¹ Philip Martin. “Regulating private recruiters: The core issues.” In Merchants of Labour. Christiane Kuptsch, Ed. International Institute for Labour Studies and International Labour Office, Geneva. 2006.

¹² Philip Martin. “Regulating private recruiters: The core issues.” In Merchants of Labour. Christiane Kuptsch, Ed. International Institute for Labour Studies and International Labour Office, Geneva. 2006.

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¹⁴ While it is unlikely that a full 20 percent of all Keralite workers in GCC States spend time in jail associated with visa and work permit difficulties, the fact remains that 20 percent of our sample had spent time in jail – and we believe it is reasonable to conclude from this finding that the threat of imprisonment is legitimate for workers in GCC states, and that actual imprisonment for visa and work permit troubles should be considered an issue of concern.

¹⁵ Includes visa fee, one-way ticket, jacket uniforms.

¹⁶ For an excellent description of the cost-price squeeze faced by U.S. growers, see Kevin Bales and Ron Soodalter. *The Slave Next Door: Human Trafficking and Slavery in America Today*. University of California, 2009. P. 48.

¹⁷ See, for example, *John Does I-V v. Moises Rodriguez, Maria Rodriguez, Andrew L. Grant, and Grant Family Farms, Inc.*, in which farmworkers filed a federal lawsuit against Moises and Maria Rodriguez, the agricultural contractors who brought them to the United States and forced them to live as virtual prisoners as they worked off their debts; and also against the owner of the farm on which they worked in slave conditions. A federal judge in Denver recently awarded them USD 7.8 million in what immigration experts described as the largest judgment of its kind in the country.

¹⁸ International Labor Organization. *A Global Alliance Against Forced Labour: Global Report under the Follow-Up to the ILO Declaration on Fundamental Principles and Rights at Work*. International Labour Conference, 93rd Session, 2005, Report I (B). 2005. p. 63. The ILO goes on to note: “There is indeed some evidence that this is happening, in that contractors are accepting fees per worker so low that it would be impossible to comply with the provisions of national labour law. In one case in the United Kingdom, a labour contractor supplied South African workers to a fruit packing company which in turn was a supplier of the leading retailers. The contractor was paid an hourly rate per worker less than that which, according to the Chairman of the Association of Labour Providers (ALP), would be necessary simply to cover the costs of any labour contractor who abides by the law.”

¹⁹ For quantitative research on this subject, see Verité’s 2005 report, *Protecting Overseas Workers*, in which we reported the results of interviews with over 600 workers, which found that while legal regulations in Thailand, Indonesia and the Philippines all placed a ceiling of one month’s salary for recruitment fees, actual fees charged ranged from 2 to 9 months’ salary. Workers from the Philippines, Indonesia, Thailand and Vietnam paid recruitment fees averaging US\$367 to US\$2251, with monthly salaries ranging from US\$200 to US\$658, and repayment periods of up to three years.

²⁰ Article 7 of the International Labor Organization’s Convention 181, the Private Employment Agencies Convention of 1997, states: “Private employment agencies shall not charge directly or indirectly, in whole or in part, any fees or costs to workers.” Principle 4 of CIETT’s Code of Conduct states that: “Members shall not charge directly or indirectly, in whole or in part, any fees or costs to jobseekers and workers, for the services directly related to temporary assignment or permanent placement.”

- ²¹ According to Section 13 of the Employment (Amendment) Rules 2009 of the Government of India: “No recruiting agent shall collect from the worker the charges more than the equivalent of his wages for forty five days as offered under the employment contract, subject to a maximum of twenty thousand rupees, in respect of services provided by it to that worker and the recruiting agent shall issue a receipt to that worker to the amount collected by it in this regard.”
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- ²⁶ Human Rights Watch. “The Island of Happiness” Exploitation of Migrant Workers on Saadiyat Island, Abu Dhabi. May 2009.
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⁴⁶ Founded in 1992, the Association for Stimulating Know-How (ASK) is one of the few non-profit organizations in India working extensively in the field of corporate social responsibility. ASK functions as the South Asia Regional Program Office for Verité, undertaking social audits and research on CSR issues and facilitating factory-level remediation and trainings. ASK also supports programs as diverse as finding alternatives for child laborers in the brass industry in India, and working with indigenous communities in rural South Asia.